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SUBJECT: AMBASSADOR SIGNS USTDA GRANT FOR FEASIBILITY  
STUDY ON PHOSPHATE TRANSPORTATION FROM MATAM

¶1. On August 1, Senegalese Minister of Energy and Mines Madicke Niang and Ambassador Jacobs presided over a signing ceremony formalizing a USD 314,000 feasibility study grant from the U.S. Trade and Development Agency (USTDA) to the Direction of Mining to assess the costs of transporting mined phosphates to a Senegalese port of export. The signing ceremony received wide press coverage by the local media.

¶2. The feasibility of the exploitation of the Matam phosphate deposits depends on the delivered cost of the phosphate to a port of export. Senegal's Director of Mines and Geology, Dr. Moussa Sylla, lauded USTDA's answer to their long-standing prayers for a feasibility study to assess the various costs. To date, the phosphate mines of Matam remain unexploited due to their remote location in eastern Senegal.

¶3. Under the USTDA feasibility study a U.S. consultant will review a number of transportation alternatives to include barge, road and rail models. The rail models would require the construction of new lines and/or the upgrading of existing lines to heavy haul standards. In addition to developing transportation models, the consultant will undertake phosphate movement forecasts to determine the volume of phosphate to be shipped from the mine. Forecasting will cover the estimated delivered price of the commodity at port, estimated world commodity price, and estimated production start-up costs.

¶4. The feasibility study will also tie in with another USTDA-funded study on the development of a multi-commodity bulk port at Bargny, which could handle mineral exports and which is adjacent to the proposed Millennium Challenge Account industrial platform at Diamniadio.

¶5. The signing ceremony generated substantial and positive coverage in local media, including the Senegalese Press Agency, Le Matin (circ. 15,000), Le Quotidien (circ. 18,000), Le Messenger (circ. 5,000), and Le Soleil (circ. 22,000), as well as the evening news on the national television network RTS. Reports cited Minister Niang as saying that the grant "confirms the U.S. Government's day-to-day engagement in supporting development projects in our country."

¶6. COMMENT: Should the costs of transporting Matam phosphate to a port or processing facility prove viable, this USTDA feasibility study would move to the implementation stage which could result in more U.S. exports to Senegal while contributing to the improvement

of Senegal's transportation infrastructure. END COMMENT.

JACOBS